Chapter 4

HOOSIER ASSURANCE PLAN

The implementation of the Hoosier Assurance Plan (HAP) continued during the biennium of State Fiscal Years (SFY) 1998 and 1999. The enactment of Public Law 40 in 1994 gave the Division of Mental Health (DMH) the necessary authority and tools to move ahead with a systematic phase-in of a new way of funding services.

The HAP is a method of funding community-based behavioral health care that is analogous to managed care and uses many managed care techniques. It is designed to support and manage the delivery of behavioral health care services to targeted populations. HAP combines appropriations by the Indiana General Assembly and three federal block grants. Consumer eligibility is based on diagnosis, level of disability, and economic status. Economic eligibility is defined as a family income level at or below 200% of the federal poverty level (FPL).

The Division provides community services through contracts with managed care providers (MCPs) for the actual delivery of services to eligible clients. As of this report, there are 43 MCPs providing services statewide. In order to be certified as an MCP, the entity/organization must be a not-for-profit organization and assure the state that it can provide, or arrange for the provision of, the services defined in the Continuum of Care as established in the law.

In 1996, the Division implemented a uniform annual enrollment process in which an individual client enrollment is valid from the date of enrollment through the following June 30, the end of the state fiscal year (SFY). At that time, clients continuing to receive services must be re-enrolled for the new fiscal year. The MCPs receive a prospective capitation payment as they enroll eligible consumers; in exchange the provider assumes the responsibility of meeting the client's needs from the date of enrollment through the end of that fiscal year.

The HAP allows the Division flexibility in targeting services to specific populations. Indiana Statute guides the Division in this process, but targeting is also guided by the special needs of some populations (e.g., the deaf population), by federal requirements (e.g., addicted women with dependent children), or by funding opportunities. The four primary populations designated by Indiana Statute are:

- Adults with Serious Mental Illness (SMI)
- Children with Serious Emotional Disturbance (SED)
- Persons with a Chronic Addiction (SA)
- Persons with a Compulsive Gambling Disorder (GAM)

Services to the deaf have been carved out and go to specific contractors. The Deaf can be considered a fifth population. They are reported by the behavioral health problem that qualifies them for HAP. There are sub-populations for individuals who are deaf and who are also:

- Seriously Mentally Ill adults (DMI)
- Seriously Emotionally Disturbed children (DED)
- Chronically Addicted (DSA)
- Compulsive Gamblers (DGM)

Federal requirements require the Division to report on certain sub-populations, and to ensure that minimum amounts of funds are spent on those populations. These are persons who are chronically addicted and who also are:

- Women with dependent children or who are pregnant (SWD).
- Individuals receiving Human Immunodeficiency Virus (HIV) treatment services. **Note:** This program was terminated after SFY 1998.
- Individuals currently or recently receiving supplemental security income benefits (SSI). **Note**: This program began in SFY 1998 when persons with addictions were dropped from social security disability benefit programs. SFY 1999 was its last year.
- Receiving methadone treatment (SMO). These separate contracts were added to the HAP reporting system in SFY 1998.

One final group were individuals dually diagnosed as Seriously Mentally Ill and Chronically Addicted (MIS). This category was dropped after the actuarial report in SFY1997. The Division is currently tracking information reported on both addictions and mental illness clients to develop a new definition for the co-morbid populations.

MCPs may be certified to serve any or all of these populations. Those with an SMI or SA certification may also obtain an endorsement to provide services for compulsive gambling addiction.

Figure 3 illustrates the growth of the HAP over the past four years. Each column shows the total number of HAP eligible individuals served in all categories for the specified SFY.

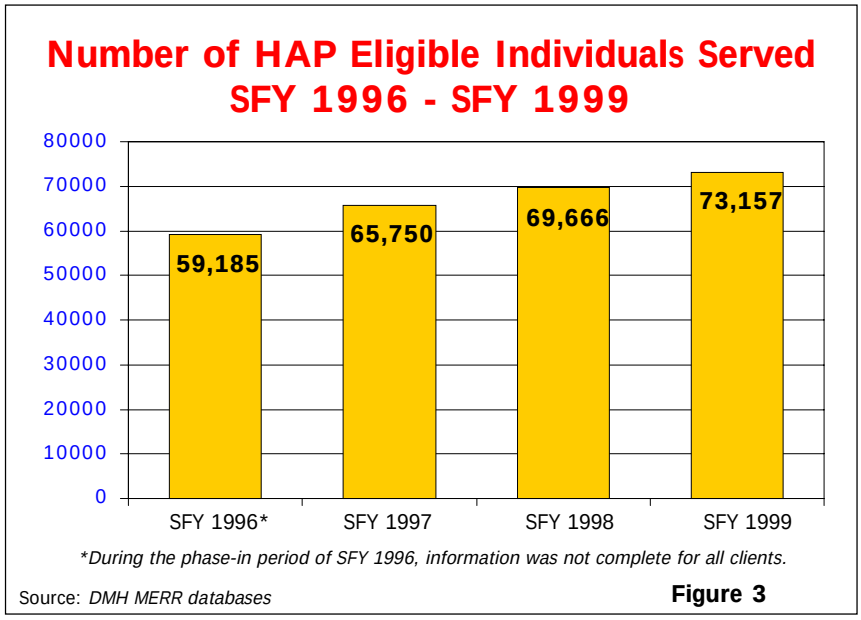
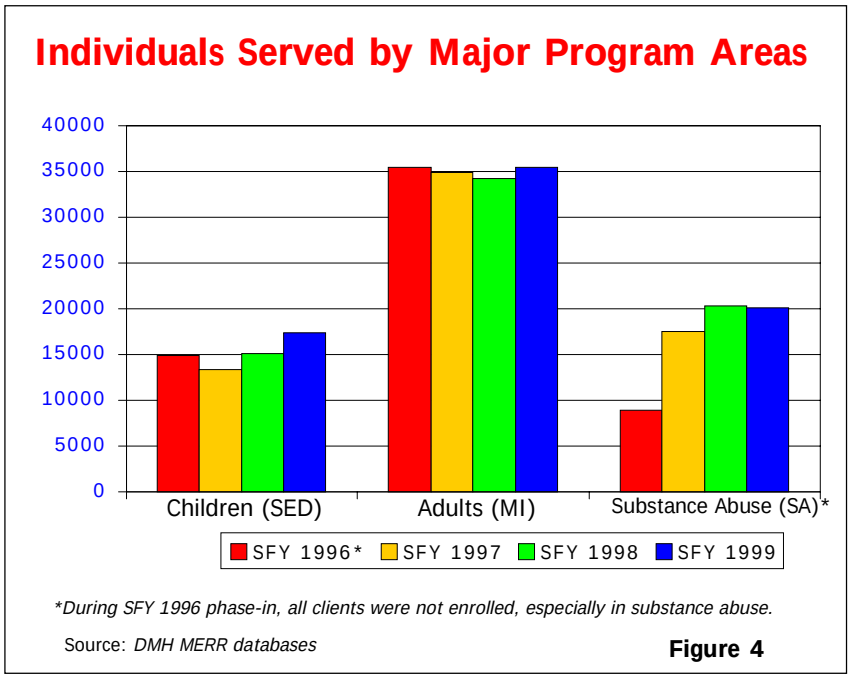


Figure 3

Individuals served for each of the major populations for this same period are shown in **Figure 4**.

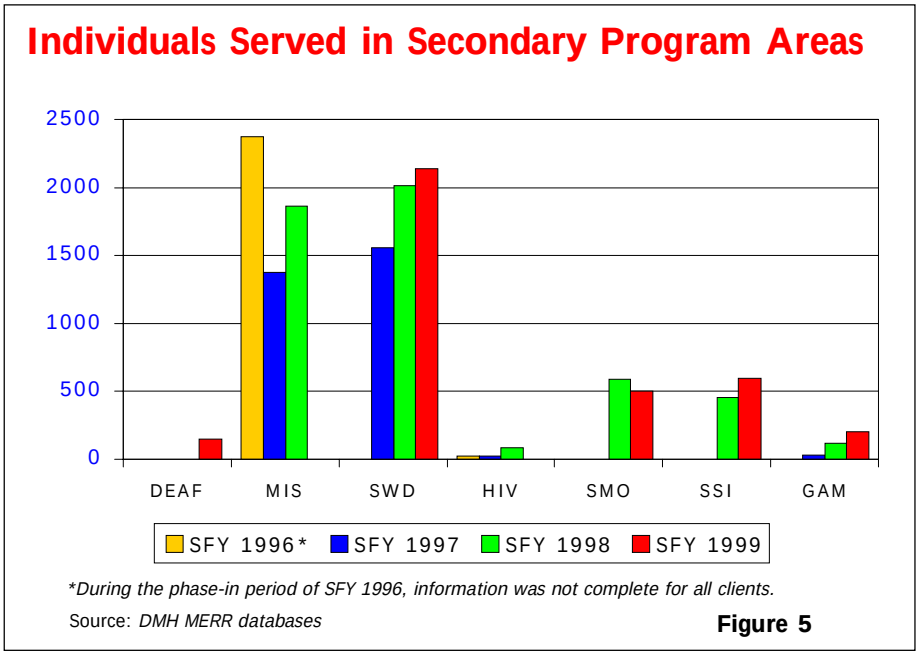


During SFY 1996 phase-in, all clients were not enrolled, especially in substance abuse.

Source: *DMH MERR databases*

Figure 4

Individuals served in the previous four years by secondary population group are illustrated in **Figure 5**.



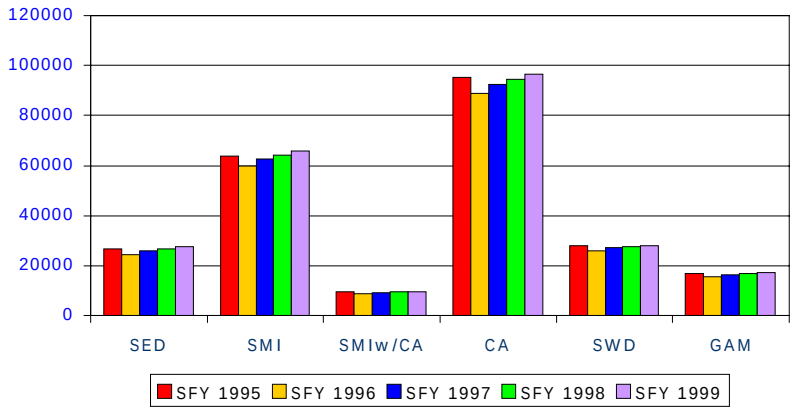
During the phase-in period of SFY 1996, information was not complete for all clients.

Source: *DMH MERR databases*

Figure 5

The same law that established the HAP also directed the Division to contract for a professionally designed actuarial study to quantify the populations to be targeted for public mental health services (Sect. 90). In 1997, the Division contracted with William M. Mercer, Incorporated for an Actuarial Needs Assessment for SFY 99 Provider Contracts (Rev. June 1, 1998). To establish the size of the HAP's target populations, Mercer's Actuarial applied 1990 census income counts and 1993 census estimate of persons at or below 200% of federal poverty level (FPL) to the 1995 census estimate of total population. Based on the results of this study, prevalence rates were established for the major population groups that the HAP is designed to serve. **Figure 6** shows the figures that represent the actuarial estimate of the number of HAP-eligible persons in Indiana in each of the groups.

HAP Eligible Prevalence Estimates by Category



Sources: *Actuarial Needs Assessment for SFY 99 Provider Contracts, Final Report, William H. Mercer, Incorporated, Revised June 1,1998; US Census Bureau: 1990 to 1998 Annual Time Series of County Population Estimates by Age and Sex, County Estimates for People of Ages in Poverty for Indiana: 1995, Released Feb. 1999, and Historical Poverty Tables- People, Table 21. Number of Poor and Poverty Rate, By State: 1980 to 1998, Revised 9/30/99.*

Figure 6